



**Investment Office**

P.O. Box 2749

Sacramento, CA 95812-2749

Telecommunications Device for the Deaf - (916) 795-3240

(916) 795-3400

April 17, 2009

**AGENDA ITEM 6c**

**TO: MEMBERS OF THE INVESTMENT POLICY SUBCOMMITTEE**

- I. SUBJECT:** Adoption of Policy on Global Equity Emerging Manager Fund of Funds
- II. PROGRAM:** Global Equities
- III. RECOMMENDATION:** Recommend to the Investment Committee adoption of the Statement of Investment Policy for Global Equity Emerging Manager Fund of Funds.
- IV. ANALYSIS:**

At its February 2007 meeting, the Investment Committee approved the issuance of a Request for Proposal (RFP) with a spring-fed pool feature for managers of emerging manager fund of funds. At its August 2007 meeting, the Investment Committee approved the establishment of a spring-fed pool of four managers. Two of these managers, FIS Group and Leading Edge Investment Advisors, were funded in the first quarter of 2008.

Staff has been monitoring the managers of the emerging manager fund of funds using individual manager investment management guidelines, as well as existing policies including:

- Statement of Investment Policy for Monitoring Externally Managed Portfolios
- Statement of Investment Policy for Externally Managed Strategies
- Statement of Investment Policy for Derivatives – External Money Managers

However, given the specialized nature of the fund of funds structure, staff recommends adoption of a separate and distinct policy for the Global Equity Emerging Manager Fund of Funds managers as shown in Attachment 1.

Wilshire Associates has reviewed the proposed policy and their opinion letter is shown in Attachment 2.

**V. STRATEGIC PLAN:**

This item supports Goal VIII to manage the risks and volatility of assets and liabilities to ensure sufficient funds are available, first to pay benefits and, second to minimize and stabilize contributions.

**VI. RESULTS/COSTS:**

There are no costs associated with this item.

---

Mary C. Cottrill  
Senior Portfolio Manager  
Global Equity

---

Eric Baggesen  
Senior Investment Officer  
Global Equity

---

Kenneth W. Marzion  
Interim Chief Operating Investment Officer